

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking to Continue
Implementation and Administration, and
Consider Further Development, of
California Renewables Portfolio Standard
Program.

Rulemaking 15-02-020
(Filed February 26, 2015)

**RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN OF
PALMCO POWER CA, LLC**

A handwritten signature in blue ink, appearing to read "Rt Palmese".

Palmco Power CA, LLC
Robert Palmese
Managing Member
8751 18th Avenue
Brooklyn, NY 11214
P: 718.851.6655 x8
F: 718.851.2427
Email: rvpalmese@palmcoenergy.com
Dated: August 5, 2016

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Continue
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Consider Further Development, of
California Renewables Portfolio Standard
Program.

Rulemaking 15-02-020
(Filed February 26, 2015)

**RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN
OF PALMCO POWER CA, LLC**

In accordance with the May 17, 2016 Assigned Commissioner and Assigned Administrative Law Judge's Ruling Identifying Issues and Schedule of Review for 2016 Renewables Portfolio Standard Procurement Plans and the June 13, 2016 email ruling of Administrative Law Judge Mason extending the due date for the submission of such plans, Palmco Power CA, LLC ("Palmco") hereby submits this 2016 Renewables Portfolio Standard ("RPS") Procurement Plan for the period of 2016-2036.

1. Assessment of RPS Portfolio Supplies and Demand - § 399.13(a)(5)(A) (Section 6.1)

Palmco was licensed in September of 2013 and has not yet begun serving any direct access (DA) customers in California. Palmco expects that its load obligation will not increase unless and until the legislature increases the amount of load that is eligible for DA service during the planning period covered by this RPS Procurement Plan. If and when Palmco does begin serving load, it plans to meet its RPS Procurement requirements through a mix of bundled and REC-only transactions in compliance with the minimums and maximums allowed and/or required for the various categories. The exact portfolio mix will depend on pricing and availability for various products at the time that Palmco begins to incur an obligation.

Palmco's goal is to meet most if not all of the RPS-eligible energy procurements from in-state resources and/or resources that have their first point of interconnection with a California balancing authority. Palmco will aim to make cost effective procurements within the parameters of current statutory requirements, and will remain flexible in their procurement strategy in order to respond to changes in market conditions and regulations.

Palmco's priority will be to meet the demands of the RPS requirements, including the higher requirements as SB 350 is implemented. Palmco will evaluate and monitor market conditions to ensure that its strategy will be economical, and will be prepared to evaluate alternative strategies as necessary. Palmco considers the importance of deliverability characteristics such as peaking, dispatchable, baseload, firm and as-available capacity as a secondary concern.

2. Project Development Status Update - § 399.13(a)(5)(D) (Section 6.2)

Palmco has no information to report in this section, as Palmco has not entered into any contracts with facilities that are not yet in commercial operation, with regard to both the next two years and for a ten-year planning horizon.

3. Potential Compliance Delays - § 399.13(a)(5)(B) (Section 6.3)

Palmco could foresee potential compliance delays if a net market short makes REC procurement prohibitively expensive or unachievable. In order to attempt to mitigate this risk, Palmco will remain flexible in its procurement strategy and will continue to consider a variety of procurement options in order maximize its ability to adapt to future market conditions, including as SB 350 is implemented, for the planning period between 2016-2036.

4. Risk Assessment - § 399.13(a)(5)(F) (Section 6.4)

Under the current regulatory framework Palmco sees the potential for market shortages or lack of cost effective options for smaller market participants as the greatest risk to its ability to meet the requirements of the RPS standards. Palmco has no information to report regarding risks associated with facilities that are not yet in commercial operation.

5. Quantitative Information - §§ 399.13(a)(5)(A),(B),(D), and (F) (Section 6.5)

Although Palmco is not yet serving load and does not have a reliable forecast for future obligations, please see the excel spreadsheet attached as Appendix A.

6. “Minimum Margin” of Procurement - §399.13(a)(4)(D) (Section 6.6)

Because Palmco is not yet serving load and does not have a reliable forecast for future obligations, Palmco will plan to make procurements based on actual load numbers as they become available.

7. Bid Solicitation Protocol, Including Least-Cost Best-Fit Methodologies - §399.13(a)(5)(C) and D.04-07-029 (Section 6.7)

Palmco respectfully submits that it has no information to report on this topic, as it is not yet serving load and is not selling eligible renewable energy to incorporate as part of this 2016 RPS Procurement Plan.

8. Workforce Development - §399.13(a)(4)(A)(iv) (Section 6.7.1)

Palmco respectfully submits that it has no information to report in this section, as it is not yet serving load and is not selling renewable energy pursuant to §399.13(a)(5)(C) and D.04-07-029.

9. Disadvantaged Communities - §399.13(a)(7) (Section 6.7.2)

Palmco respectfully submits that it has no information to report in this section, but will endeavor to meet the requirement of SB 2 (1X) to give preference to projects that provide the

benefits to “communities afflicted with poverty or high unemployment, or that suffer from high emission levels of toxic air contaminants, criteria air pollutants, and greenhouse gases” as described in §399.13(a)(7) if it solicits and procures renewable energy resources for California-based projects once serving it begins serving load in California.

10. Consideration of Price Adjustment Mechanisms - §399.13(a)(5)(E) (Section 6.8)

Palmco has no information to report in this section, as it does not have any contracts for RPS-eligible projects with online dates occurring more than 24 months.

11. Important Changes to Plans Noted (Section 6.12)

As Palmco has not yet begun serving load, there are no important changes from the 2015 procurement plan to report. Palmco has provided responses to the additional requirements of Sections 6.7, 6.7.1, 6.7.2, 6.8 and made reference to the new requirements of SB 350, and both additions are reflected in the “redline” against Palmco’s 2015 Renewables Portfolio Standard Procurement Plan, attached as Appendix B.

12. Safety Considerations (Section 6.14)

Palmco plans to meet any future procurement obligations through a mix of bundled and REC-only transactions in compliance with the minimums and maximums allowed and/or required for the various categories. Palmco does not own or operate any renewable facilities, nor is Palmco involved in any renewable facility project development. Therefore, Palmco does not have any safety concerns regarding its Procurement Plan at this time.

RESPONSES TO RESIDUAL NET SHORT QUESTIONS

I. RPS COMPLIANCE RISK

- 1. How do current and historical performance of online resources in your RPS portfolio impact future projections of RPS deliveries and your subsequent RNS?**

Palmco respectfully submits that it has no position on this question at this time, as it is not yet serving load in California.

- 2. Do you anticipate any changes to the current bundled retail sales forecast? If so, describe how the anticipated changes impact the RNS.**

Palmco respectfully submits that as a non-utility electric service provider that is not yet serving load, it has no position on this topic.

- 3. Do you expect curtailment of RPS projects to impact your projected RPS deliveries and subsequent RNS?**

Please see response to Question 1.

- 4. Are there any significant changes to the success rate of individual RPS projects that impact the RNS?**

Please see response to Question 1.

- 5. As projects in development move toward their COD, are there any changes to the expected RPS deliveries? If so, how do these changes impact the RNS?**

Palmco has no projects in development at this time, and thus, has no position on this topic.

RECS ABOVE THE PROCUREMENT QUANTITY REQUIREMENT

- 6. What is the appropriate amount of RECs above the PQR to maintain? Please provide a quantitative justification and elaborate on the need for maintaining banked RECs above the PQR.**

As Palmco is not yet serving load and is under no requirement to maintain RECs above the PQR at this time, it respectfully submits that it has no position on this topic.

- 7. What are your strategies for short-term management (10 years forward) and long-term management (10-20 years forward) of RECs above the PQR? Please discuss any plans to use RECs above the PQR for future compliance and/or to sell RECs above the PQR.**

Please see response to Question 6.

VOLUNTARY MARGIN OF OVERPROCUREMENT

- 8. Provide VMOP on both a short-term (10 years forward) and long-term (10-20 years forward) basis. This should include a discussion of all risk factors and a quantitative justification for the amount of VMOP.**

Please see response to Question 6.

- 9. Please address the cost-effectiveness of different methods for meeting any projected VMOP procurement need, including application of forecast RECs above the PQR.**

Please see response to Question 6.

COST EFFECTIVENESS

- 10. Are there cost-effective opportunities to use banked RECs above the PQR for future RPS compliance in lieu of additional RPS procurement to meet the RNS?**

Please see response to Question 6.

- 11. How does your current RNS fit within the regulatory limitations for PCCs? Are there opportunities to optimize your portfolio by procuring RECs across different PCCs?**

Please see response to Question 6.

Respectfully submitted this 5 day of July, 2016 at Brooklyn, New York.



Palmco Power CA, LLC

Robert Palmese

Managing Member

8751 18th Avenue

Brooklyn, NY 11214

P: 718.851.6655 x8

F: 718.851.2427

Email: rvpalmese@palmcoenergy.com

Dated: 5 July, 2016

APPENDIX A

Variable	Calculation	Item	Deficit from RPS prior to Reporting Year	2011 Actuals	2012 Actuals	2013 Actuals	2011-2013	2014 Actuals	2015 Actuals	2016 Forecast	2014-2016	2017 Forecast
		Forecast Year		-	-	1	CP1	2	3	4	CP2	5
Annual RPS Requirement												
A		Bundled Retail Sales Forecast (LTPP)		0	0	0	0	0	0	0	0	0
B		RPS Procurement Quantity Requirement (%)				20%	20%	22%	23%	25%	23%	27%
C	A*B	Gross RPS Procurement Quantity Requirement (GWh)		0	0	0	0	0	0	0	0	0
D		Voluntary Margin of Over-procurement		0	0	0	0	0	0	0	0	0
E	C+D	Net RPS Procurement Need (GWh)		0	0	0	0	0	0	0	0	0
RPS-Eligible Procurement												
Fa		Risk-Adjusted RECs from Online Generation		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Faa		Forecast Failure Rate for Online Generation (%)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Fb		Risk-Adjusted RECs from RPS Facilities in Development		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Fbb		Forecast Failure Rate for RPS Facilities in Development (%)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Fc		Pre-Approved Generic RECs		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Fd		RECs Pending CPUC Approval		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Fe		Executed REC Sales		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
F	Fa + Fb +Fc + Fd-Fe	Total RPS Eligible Procurement (GWh)		0	0	0	0	0	0	0	0	0
F0		Category 0 RECs		0	0	0	0	0	0	0	0	0
F1		Category 1 RECs		0	0	0	0	0	0	0	0	0
F2		Category 2 RECs		0	0	0	0	0	0	0	0	0
F3		Category 3 RECs		0	0	0	0	0	0	0	0	0
Gross RPS Position (Physical Net Short)												
Ga	F-E	Annual Gross RPS Position (GWh)		0	0	0	0	0	0	0	0	0
Gb	F/ A	Annual Gross RPS Position (%)		0	0	0	0	0	0	0	0	0
Application of Bank												
Ha		Existing Banked RECs above the PQR		0	0	0	0	0	0	0	0	0
Hb		RECs above the PQR added to Bank		0	0	0	0	0	0	0	0	0
Hc		Non-bankable RECs above the PQR		0	0	0	0	0	0	0	0	0
H	Ha+Hb	Gross Balance of RECs above the PQR		0	0	0	0	0	0	0	0	0
Ia		Planned Application of RECs above the PQR towards RPS Compliance		0	0	0	0	0	0	0	0	0
Ib		Planned Sales of RECs above the PQR		0	0	0	0	0	0	0	0	0
J	H-Ia-Ib	Net Balance of RECs above the PQR		0	0	0	0	0	0	0	0	0
J0		Category 0 RECs		0	0	0	0	0	0	0	0	0
J1		Category 1 RECs		0	0	0	0	0	0	0	0	0
J2		Category 2 RECs		0	0	0	0	0	0	0	0	0
Expiring Contracts												
K		RECs from Expiring RPS Contracts		0	0	0	0	0	0	0	0	0
Net RPS Position (Optimized Net Short)												
La	(Ga+H+Ia)-E	Annual Net RPS Position after Bank Optimization (GWh)		0	0	0	0	0	0	0	0	0
Lb	(Ga+H+Ia)/A	Annual Net RPS Position after Bank Optimization (%)		0	0	0	0	0	0	0	0	0

Note: Fields in grey are protected as Confidential under CPUC Confidentiality Rules

Note: Values are shown in GWWhs

Facility Name	Technology	Contract Expiration Date	MW	Expected Annual Generation (GWh)	Location	PCC Classification
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APPENDIX B

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PALMCO POWER CA, LLC**

Palmco Power CA, LLC
Robert Palmese
Manager, Regulatory Affairs
~~1350 60th Street~~
~~8751 18th Avenue~~
Brooklyn, NY ~~11219~~ 11214
P: 718.851.6655 x8
F: 718.851.2427
Email: rvpalmese@palmcoenergy.com
Dated: August ~~4, 2015~~ , 2016

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**RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN
OF PALMCO POWER CA, LLC**

In accordance with the May ~~28, 2015~~17, 2016 Assigned ~~Commissioner's~~Commissioner
and Assigned Administrative Law Judge's Ruling Identifying Issues and Schedule of Review for
~~2015~~2016 Renewables Portfolio Standard Procurement Plans and the June ~~30, 2015~~13, 2016
email ruling of Administrative Law Judge Mason extending the due date for the submission of
such plans, Palmco Power CA, LLC ("Palmco") hereby submits this ~~2015~~2016 Renewables
Portfolio Standard ("RPS") Procurement Plan for the period of ~~2015-2035~~2016-2036.

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Palmco was licensed in September of 2013 and has not yet begun serving any direct
access (DA) customers in California. Palmco expects that its load obligation will not increase
unless and until the legislature increases the amount of load that is eligible for DA service during
the planning period covered by this RPS Procurement Plan, ~~including in the event of passage of~~
~~SB286~~. If and when Palmco does begin serving load, it plans to meet its RPS Procurement
requirements through a mix of bundled and REC-only transactions in compliance with the
minimums and maximums allowed and/or required for the various categories. The exact
portfolio mix will depend on pricing and availability for various products at the time that Palmco
begins to incur an obligation.

Palmco's goal is to meet most if not all of the RPS-eligible energy procurements from in-state resources and/or resources that have their first point of interconnection with a California balancing authority. Palmco will aim to make cost effective procurements within the parameters of current statutory requirements, and will remain flexible in their procurement strategy in order to respond to changes in market conditions and regulations.

Palmco's priority will be to meet the demands of the RPS requirements, including ~~if the 33% procurement requirement by 2020 through 2024 is increased to 40% as has been proposed. If the increase is approved, the higher requirements as SB 350 is implemented.~~ Palmco will evaluate and monitor market conditions to ensure that its strategy will be economical, and will be prepared to evaluate alternative strategies as necessary. Palmco considers the importance of deliverability characteristics such as peaking, dispatchable, baseload, firm and as-available capacity as a secondary concern. ~~Palmco's strategies will not differ for the two future procurement quantity requirements.~~

2. Project Development Status Update - § 399.13(a)(5)(D) (Section 6.2)

Palmco has no information to report in this section, as Palmco has not entered into any contracts with facilities that are not yet in commercial operation, with regard to both the next two years and for a ten-year planning horizon.

3. Potential Compliance Delays - § 399.13(a)(5)(B) (Section 6.3)

Palmco could foresee potential compliance delays if a net market short makes REC procurement prohibitively expensive or unachievable. In order to attempt to mitigate this risk, Palmco will remain flexible in its procurement strategy and will continue to consider a variety of procurement options in order maximize its ability to adapt to future market conditions, including

~~the 33% by 2020 and proposed increase to 40% by 2024~~ as SB 350 is implemented, for the planning period between ~~2015-2035~~ 2016-2036.

4. Risk Assessment - § 399.13(a)(5)(F) (Section 6.4)

Under the current regulatory framework Palmco sees the potential for market shortages or lack of cost effective options for smaller market participants as the greatest risk to its ability to meet the requirements of the RPS standards. Palmco has no information to report regarding risks associated with facilities that are not yet in commercial operation.

5. Quantitative Information - §§ 399.13(a)(5)(A),(B),(D), and (F) (Section 6.5)

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6.7. Bid Solicitation Protocol, Including Least-Cost Best-Fit Methodologies - §399.13(a)(5)(C) and D.04-07-029 (Section 6.7)

Palmco respectfully submits that it has no information to report on this topic, as it is not yet serving load and is not selling eligible renewable energy to incorporate as part of this 2016 RPS Procurement Plan.

8. Workforce Development - §399.13(a)(4)(A)(iv) (Section 6.7.1)

Palmco respectfully submits that it has no information to report in this section, as it is not yet serving load and is not selling renewable energy pursuant to §399.13(a)(5)(C) and D.04-07-029.

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Palmco respectfully submits that it has no information to report in this section, but will endeavor to meet the requirement of SB 2 (1X) to give preference to projects that provide the benefits to “communities afflicted with poverty or high unemployment, or that suffer from high emission levels of toxic air contaminants, criteria air pollutants, and greenhouse gases” as described in §399.13(a)(7) if it solicits and procures renewable energy resources for California-based projects once serving it begins serving load in California.

10. Consideration of Price Adjustment Mechanisms - §399.13(a)(5)(E) (Section 6.8)

Palmco has no information to report in this section, as it does not have any contracts for RPS-eligible projects with online dates occurring more than 24 months.

11. Important Changes to Plans Noted (Section 6.1312)

As Palmco has not yet begun serving load, there are no important changes from the 20142015 procurement plan to report. Palmco has provided responses to the additional requirements of Sections 6.7, 6.7.1, 6.7.2, 6.8 and made reference to the new requirements of SB 350, and both additions are reflected in the “redline” against Palmco’s 2015 Renewables Portfolio Standard Procurement Plan, attached as Appendix B.

712. Safety Considerations (Section 6.1514)

Palmco plans to meet any future procurement obligations through a mix of bundled and REC-only transactions in compliance with the minimums and maximums allowed and/or required for the various categories. Palmco does not own or operate any renewable facilities, nor is Palmco involved in any renewable facility project development. Therefore, Palmco does not have any safety concerns regarding its Procurement Plan at this time.

RESPONSES TO RESIDUAL NET SHORT QUESTIONS

I. RPS COMPLIANCE RISK

- 1. How do current and historical performance of online resources in your RPS portfolio impact future projections of RPS deliveries and your subsequent RNS?**

Palmco respectfully submits that it has no position on this question at this time, as it is not yet serving load in California.

- 2. Do you anticipate any changes to the current bundled retail sales forecast? If so, describe how the anticipated changes impact the RNS.**

Palmco respectfully submits that as a non-utility electric service provider that is not yet serving load, it has no position on this topic.

- 3. Do you expect curtailment of RPS projects to impact your projected RPS deliveries and subsequent RNS?**

Please see response to Question 1.

- 4. Are there any significant changes to the success rate of individual RPS projects that impact the RNS?**

Please see response to Question 1.

- 5. As projects in development move toward their COD, are there any changes to the expected RPS deliveries? If so, how do these changes impact the RNS?**

Palmco has no projects in development at this time, and thus, has no position on this topic.

RECS ABOVE THE PROCUREMENT QUANTITY REQUIREMENT

- 6. What is the appropriate amount of RECs above the PQR to maintain? Please provide a quantitative justification and elaborate on the need for maintaining banked RECs above the PQR.**

As Palmco is not yet serving load and is under no requirement to maintain RECs above the PQR at this time, it respectfully submits that it has no position on this topic.

- 7. What are your strategies for short-term management (10 years forward) and long-term management (10-20 years forward) of RECs above the PQR? Please discuss any plans to use RECs above the PQR for future compliance and/or to sell RECs above the PQR.**

Please see response to Question 6.

VOLUNTARY MARGIN OF OVERPROCUREMENT

- 8. Provide VMOP on both a short-term (10 years forward) and long-term (10-20 years forward) basis. This should include a discussion of all risk factors and a quantitative justification for the amount of VMOP.**

Please see response to Question 6.

- 9. Please address the cost-effectiveness of different methods for meeting any projected VMOP procurement need, including application of forecast RECs above the PQR.**

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COST EFFECTIVENESS

- 10. Are there cost-effective opportunities to use banked RECs above the PQR for future RPS compliance in lieu of additional RPS procurement to meet the RNS?**

Please see response to Question 6.

- 11. How does your current RNS fit within the regulatory limitations for PCCs? Are there opportunities to optimize your portfolio by procuring RECs across different PCCs?**

Please see response to Question 6.

Respectfully submitted this ____ day of _____, ~~2015~~2016 at Brooklyn, New York.

/s/ Robert Palmese
Palmco Power CA, LLC
Robert Palmese
Manager, Regulatory Affairs
~~1350 60th Street~~
~~8751 18th Avenue~~
Brooklyn, NY ~~11219~~11214

P: 718.851.6655 x8

F: 718.851.2427

Email: rvpalmese@palmcoenergy.com

Dated: _____, ~~2015~~2016

VERIFICATION

I am an officer of Palmco Power CA, LLC and am authorized to make this verification of its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the forgoing is true and correct, and that this verification is executed on this _____ day of _____, ~~2015~~2016 at Brooklyn, New York.

/s/ Robert Palmese_____

Robert Palmese
Manager, Regulatory Affairs
Palmco Power CA, LLC

VERIFICATION

I am an officer of Palmco Power CA, LLC and am authorized to make this verification of its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the forgoing is true and correct, and that this verification is executed on this 5 day of Aug, 2016 at Brooklyn, New York.



Robert Palmese
Managing Member
Palmco Power CA, LLC